

EXHIBIT II-E

SAMPLE --- RESPONSE TO AUDIT REPORT

August 20, 20__

Department of Local Affairs
Accounting Section - Grants
1313 Sherman Street - Room 521
Denver, Colorado 80203

To Whom It May Concern:

In response to the federal grant-related audit findings on page 31 of the Audit Report of City of Big Rock for the year ended December 31, 20__.

Finding: The County did not have in place a system to insure that subgrantees of federal financial assistance in excess of \$25,000 had an audit completed in compliance with the OMB Circular A-133.

Recommendation: The County should immediately implement a system of monitoring the subgrantee to be in compliance with the laws and regulations of the federal grant.

Response: The county has implemented a system of monitoring on July 31, 20__, ensure that the subgrantee has complied with the laws and regulations of the grant. The county will continue to monitor financial and programmatic records to ensure the situation will not occur again.

Questioned Cost: The expenditure for \$300 for advertising related to publicity for the election and was charged to the federal grant, which is not an allowable cost and is questioned.

Response: The County had paid the invoice in error from the grant. Attached please find repayment of the \$300 from our general fund.

We believe the actions described above adequately respond to the audit findings. We look forward to your response.

Sincerely,

John Smith, Mayor
City of Big Rock